



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
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COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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BOARD OF SUPERVISORS

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July 29, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AUTHORIZATION TO TRANSFER FUNDS TO THE EMERGENCY SERVICES AND
SUPPLEMENTAL PAYMENT FUND (SB 1255) AND DELEGATE AUTHORITY
TO THE DIRECTOR OF HEALTH SERVICES TO AMEND THE COUNTY'S
MEDI-CAL CONTRACT (All Districts) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Auditor-Controller to make any intergovernmental transfers to the State for the Emergency Services and Supplemental Payment Fund (Fund) necessary to assure the payment to the County hospitals for Fiscal Year 2003-04, of the amounts of SB 1255 funds to be specified in amendments to the County's Medi-Cal contract, and
2. Delegate authority to the Director of Health Services to negotiate, execute, and submit to the State Director of Health Services for signature, as confidential documents, any amendments as necessary, to the County's Medi-Cal contract with the State of California, to receive payment under the Fiscal Year 2003-04 SB 1255 program.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving these actions, the Board is authorizing the Auditor-Controller to transfer funds to the State to assure that there are sufficient federally matchable funds for SB 1255 payments to be made to each County hospital for Fiscal Year 2003-04 in the amounts to which the parties will agree, and delegating authority to the Director of Health Services to amend the County's Medi-Cal contract one or more times in order to receive SB 1255 payments for Fiscal Year 2003-04.

The California Medical Assistance Commission (CMAC) has initiated a round of SB 1255 negotiations for distributions from the Fund for Fiscal Year 2003-04. CMAC has requested participating hospitals to complete intergovernmental transfers to the Fund by August 1, 2003, even though final amendment language will not have been completed prior to that date.

The delegation of authority to enter into Medi-Cal contract amendments related to SB 1255 payments for Fiscal Year 2003-04 is desirable to allow the Department to respond promptly to any future requests from CMAC.

FISCAL IMPACT/FINANCING:

Under the SB 1255 Program, the County must provide an intergovernmental transfer (IGT) as the State's share of Medicaid expenditures to obtain federal matching funds.

SB 1255 funding is included in the Fiscal Year 2003-04 budget and is necessary to help finance the Department's operations.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In recognition that State budget constraints had not permitted Medi-Cal contract hospitals to keep up with the cost of providing acute and emergency medical care to Medi-Cal recipients, in 1989, the California Legislature passed SB 1255 to establish the Emergency Services and Supplemental Payment Fund (Fund) consistent with Federal Medicaid laws which encourage special recognition of hospitals providing a disproportionate share of their services to Medi-Cal recipients. Under SB 1255, the State accepts voluntary Intergovernmental Transfers to provide the State's share for obtaining federal matching funds. The CMAC then negotiates with eligible Medi-Cal contract hospitals, which includes all County hospitals, for distributions from the Fund.

County Counsel will review and approve any amendment to the County's Medi-Cal contract before it is executed by the Director.

Any amendments to the County's Medi-Cal Contract will be on file with DHS' Financial Applications and Revenue Services Division, and will be maintained in a confidential manner in compliance with Government Code Section 6254(q) which provides that a) non-rate related contract terms are not subject to public disclosure until one year from the date of execution, and b) the portion of the contract containing rates is not subject to public disclosure until three years after the contract terms can be disclosed. Consistent with the confidentiality provided for by Government Code Section 6254(q), the Director shall inform the Board of the exact terms of any executed contract amendment, including the amounts to be received, by confidential memorandum.

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July 29, 2003
Page 3

CONTRACTING PROCESS:

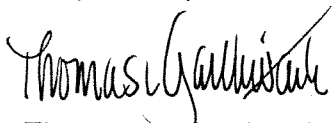
CMAC is the sole State agency with authority for negotiating SB 1255 distributions.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

SB 1255 funding helps maintain current DHS hospital operations.

When approved, this Department requires three signed copies of the Board's actions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas L. Garthwaite".

Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:jf

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller